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Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 120: United Nations common system (*continued*)

Agenda item 121: United Nations pension system (*continued*)

Agenda item 144: Report of the Secretary-General on the activities of the Office of Internal Oversight Services

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The meeting was called to order at 10 a.m.

Agenda item 120: United Nations common system (*continued*) (A/53/30 and Corr.1, A/52/811, A/C.5/53/4 and A/C.5/53/27)

1. **Mr. Darwish** (Egypt) said that he supported the statement made by the representative of Indonesia on behalf of the Group of 77 and China. His delegation welcomed the role played by the International Civil Service Commission (ICSC) in harmonizing the conditions of service in the organizations of the common system. It believed that the independence of the Commission should be preserved and that the members of the Commission should be chosen from among the most competent candidates in accordance with articles 3 to 5 of its statute.

2. Egypt reaffirmed the importance of the Noblemaire principle and the Flemming principle; the Noblemaire principle, in particular, should enable the United Nations to secure the services of the most qualified staff. Staff development must be ensured, however, in order to develop the new style of management, one of the objectives of reform.

3. With regard to the report of the International Civil Service Commission for the year 1998 (A/53/30), his delegation welcomed the efforts made by the Working Group on the Consultative Process and Working Arrangements of ICSC. It supported the comment made in paragraph 47 of the report that the Working Group report should be reviewed bearing in mind the Commission's independence and its responsibility for the regulation of conditions of service. His delegation endorsed the Commission's recommendations on increasing dependency allowances and establishing a single post adjustment index at Geneva. It also endorsed the proposed changes to the language incentive scheme (paras. 207 and 208 (a)). In that respect, it fully supported the statement by the representative of Morocco, who had called for equality among all the official languages of the Organization, including Arabic.

4. His delegation supported the Commission's recommendations regarding the maintenance of the current comparator civil service as the only comparator, until further notice, and the adoption of measures to ensure security and protect the privileges and immunities of international staff members of the United Nations in the field. In addition, it supported the comments of the representative of Japan concerning the increase in the number of resignations in the Organization.

5. He stressed that it was important for staff associations to participate in the work of ICSC and for the Commission and staff associations to maintain relations of mutual trust, in the interests of staff members and of the Organization in general. The Office of Human Resources Management could play an important role in that respect.

6. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission), replying to questions raised by delegations about the report of the Commission (A/53/30 and Corr.1), said that he had noted the keen interest of delegations in the consultative process; the Commission would closely monitor the proposed changes in its working methods so as to ensure that they led to greater efficiency. As to the financial implications, the creation of working groups always involved cost, but only approximate estimates could be given at the current stage, since it was not known how many working groups would be required. The Commission had consulted its legal expert to ensure that the amendments to its rules of procedure were not in conflict with its statute; it was confident that they respected the spirit of the statute; that had not been the case with all of the Working Group's original proposals, which was why the Commission had introduced some changes.

7. With regard to the margin/base floor salary, the Commission had been responsive to the concerns about low margins at upper levels of the salary scale and high margins at lower levels, and would review proposals at its next session with a view to addressing that concern.

8. With regard to the Noblemaire principle and its application, the Commission would take into account the views expressed by delegations when it undertook a review of the subject in 2001, in which, *inter alia*, it would consider in detail whether a basket of comparators was feasible, without prejudice to other possible approaches. At that time, it would also return to the question of a comparison of total compensation in the German and United States civil services, and would conduct total compensation comparisons, not only with potential comparators, but also between the current comparator and the United Nations common system.

9. When the Commission had considered the question of expatriation, as requested by the General Assembly, it had had extensive information on the item, which it had considered sufficient to be able to report to the General Assembly at the current session. To clarify a misunderstanding, he said that in its review, the Commission had considered the comparator's expatriate benefit package for federal civil service staff working outside the United States of America, but had not considered the case of United

States foreign service staff, who represented a small minority of United States staff working abroad.

10. Turning to the question of a single post adjustment for Geneva, he said that in resolution 52/216, the General Assembly had welcomed with appreciation the extensive information provided by the Commission; the Commission now felt that it had provided all possible information on a subject which entailed technical, legal and administrative difficulties, which it had brought to the attention of the General Assembly; it was now up to the General Assembly to reach a decision.

11. The Board of Auditors had made several recommendations in its report on the management review of the secretariat of ICSC (A/52/811), particularly concerning the choice of outlets for price collection and the need to simplify survey questionnaires. They had been transmitted without delay to the Advisory Committee on Post Adjustment Questions, which had made recommendations in that respect which the Commission would consider at its 1999 spring session, particularly with regard to the post adjustment index structure and statistical sampling techniques for establishing expenditure weights more accurately. The Board of Auditors had also noted (A/52/811, para. 35) the low response rates to household expenditure surveys. The members of the Advisory Committee on Post Adjustment Questions had felt, however, that the rates were comparable to those in similar types of surveys of similar populations, and that primary importance should be given to improving the quality and consistency of the data collected.

12. With regard to the outsourcing of post adjustment data, he recalled that in 1995, for example, the Commission had used rent data from the Interorganizations Study Section/ Eurostat in place-to-place comparisons, and then for periodic post adjustment. It was continuing to study the use of such data from external sources, including private companies, on expenses and costs. It had to be recognized, however, that no source fitted the Organization's needs perfectly, and adaptation would always be necessary.

13. With regard to the Flemming principle, it had been observed that according to the Board of Auditors, the current application of that principle resulted in levels higher than the 75th percentile of the local labour market. As a result of its most recent review of the application of the Flemming principle, the Commission had made modifications in order to ensure a greater representation of the public sector in local salary surveys. In so doing, the Commission had considered that it was broadening the comparison base to reflect both best and prevailing conditions of service at the duty stations.

14. With regard to the education grant, the Commission had always maintained that entitlement to the grant should be limited to expatriate staff members, as the sole purpose of the grant was to facilitate the reintegration of children in the staff member's home country.

15. Replying to the questions concerning human resources management, he recalled that the Commission had decided in 1986 that it did not have a mandate to determine desirable ranges for the organizations; furthermore, it did not normally become involved in issues relating to security in the field, except insofar as the granting of hazard pay and the hardship scheme were concerned.

16. Lastly, referring to relations with the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA), he noted that the Commission had been disappointed at some of the comments made.

17. **The Chairman** said he took it that the Committee wished to conclude the general debate on agenda item 120.

18. *It was so decided.*

Agenda item 121: United Nations pension system (*continued*) (A/53/9 and A/53/511; A/C.5/53/3 and A/C.5/53/18)

General debate

19. As there were no delegations wishing to take the floor, **the Chairman** said he took it that the Committee had concluded its general debate on the agenda item.

20. *It was so decided.*

Agenda item 144: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (A/51/432, A/51/530 and Corr.1 and A/51/801; A/52/426 and A/53/428)

21. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Secretary-General on the activities of the Office of Internal Oversight Services during the period from 1 July 1997 to 30 June 1998 (A/53/428), noted that the Office had matured and that its working methods had become an integral part of the management culture of the United Nations. The number of reports published by the Office had increased each year since its inception. Many of those reports were mandated by the legislative bodies, which was certainly encouraging, since it indicated the interest of Member States in the work of the Office. On the other hand, by reducing the resources of

OIOS, such reports curtailed, to some extent, its ability to react to topical oversight problems as they surfaced. Moreover, increasing demands were being placed on the Office by separately administered funds and programmes, particularly in the field of investigations.

22. During the reporting period, the Office had generated savings in the amount of $21.2 million. The implementation rate for audit recommendations had increased to 73 per cent, which was a good average. A chart inserted at the end of chapter I of the report, illustrating the intended impact of OIOS recommendations, could be viewed as an additional tool for evaluating the performance of the Office; more than two thirds of its recommendations were focused on improved operational efficiency or effectiveness and improved management control. That demonstrated the proactive character of internal oversight.

23. During the period under review, the Office had focused on a number of priority areas; with regard to peacekeeping missions, it had identified certain administrative weaknesses in relation to payments of mission subsistence allowance and the liquidation of missions (A/53/428, paras. 16–42). The Office had intensified the audit coverage of humanitarian activities, particularly those of the Office of the United Nations High Commissioner for Refugees (UNHCR), which had initiated a major decentralization effort, and of procurement matters (insurance policies, rental and space management and aviation services) (A/53/428, paras. 60–70). It had revisited the International Criminal Tribunal for Rwanda as a follow-up to the review conducted in 1996 (A/53/428, paras. 72–75) and was currently auditing the International Criminal Tribunal for the Former Yugoslavia. In terms of human resources management, a new priority area for the Office, it had focused more specifically on an analysis of the recruitment process (A/53/428, paras. 77–78).

24. The final section of the report, chapter III, provided a summary of major activities by oversight functions. As some of the cases discussed in that chapter were the subject of current disciplinary or legal proceedings, the report mentioned only the general subject and avoided giving names in order to protect individual rights. Lastly, the message conveyed by the annual report on OIOS was that a functioning internal oversight mechanism was proof of a better, healthier Organization and that the Office had become an essential component of the new organizational culture of the Secretariat.

25. **Mr. Sucharipa** (Austria), speaking on behalf of the European Union, the Central and Eastern European countries associated with the European Union and the associated country Cyprus, noted with satisfaction that the Office of Internal Oversight Services, established four years earlier in order to enhance effectiveness and transparency within the Organization, had become an integral part of the new management culture of the United Nations, and that its reports were a source of data on the reform process. He welcomed the Office's gradual shift to a horizontal approach in order to be able to address problems of a systemic nature. That new approach would improve programme management and delivery and would contribute to the long-term beneficial effect of OIOS on the Organization.

26. The European Union concurred with the Office that administrative problems might be the main impediment to improved efficiency in its substantive work. Since the staff represented both the largest expense and the most significant resource of the United Nations, it was entirely appropriate that human resources management should be one of the priorities of the Office. The European Union believed that the review of the functioning of common services, which were being integrated at various duty stations, would help to eliminate duplication. Much remained to be done, however, to disseminate information about the delegation of authority and to instil a sense of accountability among staff members; in that context, no authority should be delegated without the prior development of effective accountability mechanisms.

27. The rate of implementation of OIOS recommendations was one of the best indicators of its effectiveness, and he noted with satisfaction that the rates had increased further. Credit for that success was due to the regular compliance monitoring system of OIOS, which must remain an essential component of its work. The European Union welcomed the introduction of a new performance indicator, namely, the intended impact of the recommendations, which would enable programme managers, Member States and the Office itself to evaluate the impact of its work.

28. The issuance of Guidelines for Programme Monitoring and Evaluation would help programme managers to assume greater responsibilities and improve their evaluation of activities, and would promote enhanced effectiveness.

29. The European Union welcomed the improved coordination among the Office of Internal Oversight Services, the Board of Auditors and the Joint Inspection Unit, which was essential for harmonizing oversight throughout the United Nations system. Furthermore, it noted that many of the funds and programmes were cooperating very closely with the Office, particularly in the area of investigation. The requests for assistance submitted to the Office's Investigations Section clearly demonstrated its usefulness. The European Union appreciated the cooperation

between the Investigations Section and the authorities of certain countries; the decision taken by programme managers to seek criminal prosecutions reflected a desire to punish criminal conduct and was fully consistent with increased accountability.

30. **Mr. Sial** (Pakistan) noted with satisfaction that considerable savings and recoveries had been achieved as a result of the actions of Office of Internal Oversight Services during the period under review. He also noted the high rate of implementation of the Office's recommendations.

31. His delegation was of the view that the work of oversight bodies should be more closely coordinated. The Office of Internal Oversight Services should have focused less on audits, which were satisfactorily carried out by the Board of Auditors, and more on inspections, evaluations and the monitoring of effectiveness in carrying out programmes and mandates. The recommendations formulated by the Advisory Committee on Administrative and Budgetary Questions, in consultation with the Board of Auditors, were different from those of the Office with regard to internal control standards approved by the International Organization of Supreme Audit Institutions (A/53/508). His delegation looked forward to the consideration of the report of the Secretary-General on that question (A/52/867).

32. His delegation wished to know whether the Montreux conference referred to in the report (A/53/428) had been a United Nations conference or an intergovernmental meeting. It also wished to know in what capacity the Office had participated and whether its participation had entailed expenditures from the Organization's regular budget.

33. The Secretary-General should indicate in his annual report how many of the recommendations sent to him were not agreeable to programme managers in terms of paragraph 21 of the circular on the establishment of the Office of Internal Oversight Services (ST/SGB/273) and what the procedure was for dealing with such recommendations.

34. With regard to paragraph 42 of the report, his delegation noted that the Committee for Programme and Coordination had given its qualified endorsement to some recommendations (A/53/16, para. 242 on). In that context, he stressed that any recommendation requiring legislative action should be submitted by the executive heads according to established procedures.

35. His delegation noted with concern the observations with regard to human resources management, contained in paragraphs 76 to 78 of the report. In particular, recalling that the Office of Human Resources Management had stated that recruitment normally did not take 461 days, he suggested that it should provide an explanation in that regard; the Under-Secretary-General for Internal Oversight Services should clarify what he had meant by his statement that the recruitment process lacked transparency (para. 78). Furthermore, insufficient consideration had been given to the potential impact of the delegation of authority on geographical distribution within the context of recruitment. The Fifth Committee should consider that question.

36. In the period 1996–1997, more than 30 per cent of all consultancy contracts had been awarded to the nationals of four countries. The international character of the Organization must be maintained; justification should therefore be given for the Office's recommendation that the principle of geographical balance should not be applied indiscriminately in order to avoid travel expenses.

37. His delegation noted with concern the poor internal controls in the United Nations Conference on Trade and Development (UNCTAD) (paras. 114 and 115). Nonetheless, only one case of misuse of funds had been cited (para. 151). His delegation wished to know whether other cases had been uncovered.

38. The report on programme performance of the United Nations for the biennium 1996–1997 (A/53/122) prepared by the Office of Internal Oversight Services gave no explanation for the very low rate of implementation of activities categorized as priority areas in the medium-term plan. Moreover, the Office had recommended the introduction of results-based budgeting without having carried out an in-depth evaluation of the current system. The Under-Secretary-General might wish to provide information to the Fifth Committee in that regard. Lastly, no information was given on, *inter alia*, the utilization of some $10 million in savings, which reflected a lack of coordination between the Office and the Programme Planning and Budget Division. There was a need for better coordination of all relevant departments in the preparation of the report on programme performance.

39. **Mr. Moktefi** (Algeria) expressed surprise at the use, in the preface to the report, of the term "clients" to refer to public-sector agencies. With regard to the Guidelines for Internal Control Standards, he noted that the Advisory Committee, believing that those guidelines were too general, had considered that they should not be incorporated in the Financial Regulations (see A/53/508). His delegation wished to know the views of the Under-Secretary-General on that subject. With regard to the follow-up of the Office's recommendations, his delegation wondered whether the Office really needed the additional post requested in the

preface to its report, given that, as stated in paragraph 5 of the report, a computerized monitoring system now tracked the follow-up of recommendations.

40. With regard to the tables on pages 10 and 11 of the report, his delegation wished to know whether the overpayments, whose recovery represented 50 per cent of the savings and recoveries, were attributable to management errors or were the beneficiaries' doing. According to the third table, the Office focused far too heavily on audit, as opposed to monitoring and investigative, activities. A statistical assessment of increased productivity and effectiveness as a result of internal oversight services would also be useful.

41. His delegation noted, in paragraph 74 of the report, that the Registrar of the International Tribunal for Rwanda had not fully agreed with the Office's conclusions and wondered whether there were other instances where officials disagreed with the Office. With regard to the remark contained in paragraph 9 on the discussion in the Fifth Committee of a report of the Secretary-General, his delegation believed that the Office should not be commenting on the work of an intergovernmental body. It was equally surprising that the Office would make recommendations concerning the flexibility of programme managers with regard to the management of human and financial resources (para. 185). Lastly, the Office's annual reports should contain its programme of work for the following period.

The meeting rose at 11.20 a.m.